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Hewes, George Whitfield

Important to the bond
holders of the U.S.

Philadelphia

1868

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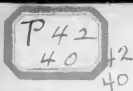
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IMPORTANT

TO THE

BOND HOLDERS

OF THE UNITED STATES.

7
A NEW PLAN

TO RESUME SPECIE PAYMENTS

AND

7
PAY THE NATIONAL DEBT.

GEORGE W. HEWES.

PHILADELPHIA:
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A NEW PLAN TO RESUME SPECIE PAYMENTS.

To the Bond-holders of the United States:

The simplest means have often been the vehicle, by which the greatest objects have been accomplished; and men have frequently erred, when, in seeking for the solution of an intricate question, they consult only the abstruse and difficult sciences. Just as ages on ages passed before steam and the telegraph were discovered, so, in our day, the financial emigma still awaits a successful solution, and while congressmen are figuring up vast sentences, and lunging at abstract ideas of political economy, the golden truth, arrayed in the modest garb of Reason glides plainly by, unnoticed by the host of brilliant rhetoricians and pompous declaimers. In seeking to display the effectiveness of their *art* of Finance, they overlook the *nature* of it, and if they would study to find a natural remedy for a natural illness, their artificial expedients would be neither as numerous nor as ridiculous as they are.

What our country just now needs is either less currency or more gold. The questions of contraction and expansion have been discussed, until the subject has grown wearisome to the mind and terrible in its results to trade. Legal gentlemen cannot always be the best judges of a monetary question, and legislators as a whole, are better versed in Blackstone than they are in the causes of a decline in prosperity. The trouble is, that most men think themselves competent to consider, and able to satisfactorily decide, on the monetary affairs of the nation. Hence, when a new plan of settling our Finances is promulgated, almost every statesman, has his amendment to offer, which he presses for discussion; so, that by the time the original bill is ready for the question, the real germs of good

contained in it, are so overloaded by attachments, that it really becomes a bill of amendments and so loses its character altogether. It is then held up as a monstrosity, and after the newspaper brain of the country, has been strained and exercised for weeks upon it, the plan is rejected by a bare majority. Like an unfortunate shell fish so overgrown with barnacles that it can no longer swim, it sinks into a worthless obscurity never to see the light of day again.

Let us cease our flounderings in the whirlpool of abstruseness, produced by the desire of an early return to specie payments. The thing is impossible under the law restricting contraction. Before we can resume, we require either more gold to back up the currency, or less currency to pull on the gold. The question has been partially decided by Congress, which has promulgated an edict that we shall *not have* any less currency than now exists, and therefore we are forced to adopt the better alternative—that of *providing more gold*. A prominent financial gentleman, Mr. R. J. Walker, who, appreciating the fact that more gold is necessary to the attainment of specie payments, has suggested that a foreign gold loan be negotiated; and proposes Germany as the most likely place for the consummation of the plan, the chief points of which, are embodied in the following paragraph taken from his letter.

"It is certain, on resumption, that this whole loan would be taken by the masses of the people of Germany at par, or higher, in gold for six per cent. bonds. We borrowed \$250,000,000 from the Germans in 1863-4 to carry on the war then. And I would open the new foreign loan at Hamburg, Berlin, and Frankfurt, aided by Count Bismarck, who is as great a friend of American, as he is of German, unity. We should not go to London or Paris, from whose Bourse and Exchange we were driven in 1863-4; but to the *people* of Germany, who, at that period, took several hundred millions of our bonds, all of which would rise to par upon the success of our new loan and the resumption of specie payments. Not a few of the German people who took this new loan would emigrate and join their countrymen here, felling the forests and cultivating our prairies, enlarging our wealth, diminishing our taxes, and carrying freedom and civilization over our con-

tinient, from the rising to the setting sun. I would print these bonds in German and English, as a compliment to the German people, who came to our rescue in 1863 and 1864. They should be payable in German coins, with their equivalents noted; their offer should be accompanied with our resumption of specie payments, and the statistics of our wealth and progress, with copies of our homestead law, and a full description of our magnificent public domain."

Mr. Walker it will be seen is sanguine on three points. First, that the loan would be taken; second, that it would be negotiated at par or higher; and third, that the people of Germany would be glad to have it on those terms. All of these assertions are open to dispute. The reader will note the phraseology of the first part of the paragraph, which says: "It is *certain*, on *resumption*, that this whole loan would be taken by the masses of the people of Germany at par, or higher." Now as our resumption is to be *founded* on this loan, how can we resume until the loan is taken; and, if the success of the loan *depends on resumption*, we do not see, that it is by any means "*certain*" that the loan would be taken at all. Resumption is made contingent, and the loan is made contingent, and until one contingency is removed the other cannot be perfected. There is no doubt but that a foreign loan could be negotiated, but it would have to be done at the market price of the bonds; and, if offering new bonds on the German market were to run the price of them up to par, it would be the first time in the history of trade, that an oversupply *caused an advance in prices*. If such is at all likely to be the fact, the sooner the desirable result is consummated the better. Such a negotiation as this would seem to imply, either a reversal of the customs of all time; that Germany was specially designed to promote the interests of the United States; or that the German people have curious notions as to the value of American gold bonds. But the facts of the case will not support any of these suppositions. The only means of placing our paper abroad at par, is to *place our currency on a equality with that of the negotiating nationality*. Count Bismarck is spoken of as a friend of American institutions, but we are afraid that he might object to the transfer of two hundred and fifty

millions of his people's gold to the United States, in order that the United States might have the gratification of resuming specie payments. Such a spirit of christian generosity does not exist in the country which Bismarck represents, especially at a time, when it is threatened with war, and when in all probability, he will need as much of his subjects' gold, as they can spare to invest, in bonds of his own creation. Prussia in her present proud position must always be prepared for difficulty, and it is not the part of prudence for her chief minister, no matter what his love for us may be, to deplete his own resources that he may improve ours. We therefore, take issue with Mr. Walker, on the certainty of the loan being negotiated in Germany, if only for this reason alone.

If a loan of this description was offered to the European capitalists, it would bring but the market price, and would be subject to the manipulations of speculators, who for their own purposes, would depress the price of all classes of our bonds. Having then purchased, or secured the bulk of the loan, they would cause an advance, and then upon the resumption of specie payments by our government, would secure immense profits. It is impossible to prevent the operations of these powerful cliques, and no negotiating power, no matter how lofty its position, can secure immunity from their shrewd manoeuvres. We all remember the efforts to control the price of gold in our own country, where the operators and operations, were under the very eye of the government. The gold bill, ostensibly projected to put gold down, no sooner was passed than the article went skyward with such fearful rapidity, that the dumbfounded legislators were glad to speedily repeal it; and when Mr. McCullough tried to reach the same result, by selling many millions of gold, day after day, in the open market, he was met by sufficient millions of currency to take all he dared to offer, and he, terror stricken, was glad to stop the sale, when the price of this marvellous article was forced up more than *ten per cent. in a few days*. If then the government was bullied in her own money centres what could it expect abroad. Charity is not one of the failings of great bankers, and we do not think it would or could prevent speculators from controlling the whole amount of the loan, provided of course sufficient

inducements were offered them, or they could see a profit great enough ahead to tempt them to take it. If they wanted it they would get it on their own terms, the efforts of our agents to the contrary notwithstanding. The only means to be exempt from the depredation, would be to *limit the price*, which if placed above the quotations of our five-twenties, they would not of course sell, because the five-twenties are just as valuable in point of facts, as the new ones would be. What becomes then of the "par or higher" to which Mr. Walker so confidently refers? Would not the quotation be far into the future, when resumption had taken place by our own manly efforts?

If, then, it is admitted that we must have more gold in the country, and that it would produce too great a loss to bring it from abroad by selling bonds, what plan should we adopt to bring about a return to specie payments? There is to-day more going to Europe and disappearing into manufactured articles, than there is being produced, and the repeated failure of mining enterprises, almost induce the belief that the future supply will gradually diminish. Yet certain large amounts will be required yearly by the government to pay her promises, and what would be the effect if it but once failed to meet the issue by tendering currency to those of the numerous creditors who have been promised gold?

There can be but one sound reply to such a question. The government must GET GOLD.

How shall this end be accomplished? We answer, by our government as a *government*, descending into the laboratory of nature and plucking therefrom her millions of golden grains.

Let us place ourselves in the position of any debtor, and cast about for the best and cheapest means to pay our obligations. Let us use the same amount of money that would be spent in commissions, in the expenses of traveling agents and innumerable clerks, and in the cost of preparing new bonds, *in opening and developing mines of the precious metals*, and extracting therefrom the very article we need, not only to pay our interest and our promised debts, *but also to return to specie payment*.

Instead of acquiring new and vast territory, would it not be more prudent and profitable, to improve and properly develop our already sufficiently large public domains. It may look well

for the United States, to have a great hand extended far into the Arctic regions, as if about to lay a giant grasp on the North Pole itself; or it may seem promising, if a wedge is driven into the West Indian group, by means of which Cuba may be split off from Spain; but if we are to indulge in these little luxuries, at such enormous outlays of capital, we think the country would be quite as well off without the benefits of such dubious speculations. Alaska may be of use one day, when our own Pacific slope, shall be thickly inhabited, and we shall need to colonize our surplus population. What does it avail us that we lay up distant treasures, for the good of perhaps an ungrateful posterity? Seven millions of dollars, invested as we shall recommend in this paper, would yield us seven millions back in a short time, and lay the foundation of a business, which in a very few years, would pour into our national coffers, hundreds of millions in gold annually. But that seven millions is now invested permanently and we have a barren acquisition in the place of it. We have charged grand expense account with a few millions of gold dollars, and credited petty land account with some millions of wild acres.

When are expenditures which are perfectly senseless, at a time when we should be lightening the burdens of the people, to cease? Will it be when the last dollar in the Treasury has been pliantly handed over to the English, for a supposed promontory in Hudson's Bay? Will it be when the last box of coin in our depleted vaults, shall have been passed over to Ethiopia, for a homoeopathic slice of the great desert of Sahara. Will it be when accumulated taxations, wrung from a distressed people, have overborne confidence and sent a panic sweeping like a desolating tornado over a trembling land? Will it be when the shroud of uncertainty, that so long has been wrapping the ghastly corpse of trade, shall have made our cheeks still paler and our energies still more feeble? Will it be when the fell butcher, Reconstruction, swinging high the dreadful axe of dismay, shall have hacked at our vitals until the life blood is almost at the last ebb? We pronounce the fact, that if the interests of the American people are to be longer sacrificed by such purchases, and if every Secretary of State is to commit his government to acts of unmeasurable folly, then the founda-

tions of the Republic are shaking indeed. If we would save ourselves from the effects of reckless and unadvised investments, let us muffle this great and clanging bell of interested ambition. Let us place a giant gag of reason in the throat of this inordinate speculation, and if there is money in the vaults for which there is no immediate use, let us apply it to relieving our own internal troubles, or in developing our mineral resources.

The terrible twin afflictions, distrust and stagnation, have long enough brooded in hideous triumph over the prostrate spirit of enterprise; and the sickening apparition of taxes and tax gatherers, sufficiently frightened the energy of our tradesmen. Let us for once come down to common sense. Let us step out of our beaten path, and do a huge deed for the country. Let us add another item to the monthly Treasury statement, that of "gold and silver received from government mines" and the great hearts of the American people will leap for joy, and their glad throats send up shouts to high heaven.

If this unlicensed expenditure continue, we shall have the unpleasing picture of a country ruined; its resources exhausted; its Treasury depleted; its credit destroyed and a grand explosion of communities, corporations, legal bindings and social regards taking place; villany will place a strong hand upon civil rights, and unbounded license take the place of liberty; desolation will supplant prosperity; barbarity succeed humanity; the bowie knife and derringier will flourish, where the ploughshare and the sickle had wrought, while the only legal tenders to be acknowledged, will be a pair of strong arms fortified by a huge pair of belligerent fists. Like the gnarled tree within the cataract's rush, now plunging to its depths, and now hurled upward through the seething foam only to plunge again, our country would strive to rise, only to fall the lower, until her fair body, dismembered and stripped of her beauties, would be forced down the stream of Time, a pitiable wreck.

But let us consider the subject of mining, in its best light. Let us look at California as it has been and is, and deduce some evidence that our territories are worthy of government patronage.

On the 4th day of January, 1848, gold was discovered in

California. At the close of the year 1849, Commissioner King estimated, that fifty-five thousand miners were at work, and that forty millions had already been taken out. Up to 1860, the yield had reached the enormous figures of six hundred and fifty millions.

The figures for the several years are as follows:

1848,	.	.	.	.	.	.	10,000,000
1849,	.	.	.	.	.	.	40,000,000
1850,	.	.	.	.	.	.	50,000,000
1851,	.	.	.	.	.	.	55,000,000
1852,	.	.	.	.	.	.	60,000,000
1853,	.	.	.	.	.	.	65,000,000
1854,	.	.	.	.	.	.	60,000,000
1855,	.	.	.	.	.	.	55,000,000
1856,	.	.	.	.	.	.	55,000,000
1857,	.	.	.	.	.	.	55,000,000
1858,	.	.	.	.	.	.	50,000,000
1859,	.	.	.	.	.	.	50,000,000
1860,	.	.	.	.	.	.	45,000,000
1861, estimated,	.	.	.	.	.	.	40,000,000
1862, "	.	.	.	.	.	.	40,000,000
1863, "	.	.	.	.	.	.	35,500,000
1864, "	.	.	.	.	.	.	37,000,000
							802,500,000

Add to this \$100,000,000 for the years 1865, '66, and '67, and we have a grand total of \$902,500,000, which if reduced to currency at the present rate of premium on gold, would pay off about half of our existing national debt. And this has been taken from one State alone, during a period of only sixteen years.

Of late Colorado, Montana, Arizona, Idaho, Nevada, and several other territories, have been pronounced by eminent scientific gentlemen, very rich in the precious metals, and not a few of the noted metallurgists, have substantiated the assertion that each of them, when the same amount of labor and attention should be bestowed upon them, would equal California in mineral wealth. Recent explorations and assays, still further build up this argument, and miners just from Colorado

unite in declaring, that the yield of that territory, will yet exceed California; while others from Montana or Arizona, are equally sanguine of the same results from their territories. Having been in a position to make the acquaintance of a large number of miners returning to the East, to see their friends and have their gold coined, we have been somewhat curious as to the general opinions of the mass of the laboring men in those territories, and have never failed, where an opportunity was afforded, to elicit information and statistics; and it is our firm belief that the theories worked out by men of science, and their speculations as to the probable richness of the gold deposits, have been more than realized and affirmed by the less intelligent classes, who have worked in the gulches and labored in the mines. While on this subject we shall offer as testimony the following language, taken from the speech delivered in the House of Representatives, by the Hon. H. P. Bennett, delegate from the Territory of Colorado. He says:

"I speak from the united testimony of many practical miners, who have spent many years in the mines of California, when I say that the gold-bearing region of Colorado is far more extensive, quite as inexhaustible, and the gold-bearing quartz of a much richer quality, than in California. I make this comparison to give by it to the world a better idea of the extent and richness of these mines, and not with any desire to depreciate in the least regard the fabulous wealth which still remains from everlasting to everlasting in the mines of California.

"All things considered, can there be a safer investment than in the stocks of the Bullion Banks of Colorado? The vaults of these banks are filled with an inexhaustible treasure, placed on deposit there by the Almighty's hand, and made subject to the drafts of man. These banks are always specie-paying, and their vaults are numerous, long, wide, and deep. There is no risk in this business. The capitalist is but following in a beaten path. The experiment has been made by those who have gone before, and their success is inviting him to follow quickly. Ten, twenty, fifty, a hundred, five hundred thousand dollars, may find ready and very profitable investment, without any possibility of failure, if he will but exercise the most ordinary prudence. Investments of capital in these gold fields,

instead of paying from five to ten per cent., will double and triple every year."

In 1862, ex-Governor Pollock, Director of the United States Mint at Philadelphia, in his annual report to Mr. Chase, then Secretary of the Treasury, confirms the above statement.

"The mines of the United States continue to yield large amounts of the precious metals. The gold mines of portions of our country yield largely, and their capacity is almost unlimited. *The deposits of gold from Colorado Territory have largely increased, and the daily developments of the mineral wealth of that region would seem to indicate that before many years the production from the mines there would rival in amount that of California.*"

S. Bolles—one of the Colfax party in "Across the Continent," a book recently published—in speaking of the richness of the Colorado ores, and the superior inducements for working them, says:

"Looking back over our mining experiences, and taking the average testimony of each district as equally reliable, I find myself impressed with the superior richness of the Colorado Gold Mines. Their ore averaged as uniformly one hundred dollars a ton as that of Nevada—either Austin, or Virginia, or of California does fifty dollars. The extraction is not as complete because of the more intricate nature of the precious deposits, but means to overcome this, though perhaps at enlarged cost, seemed successfully initiated while we were there."—*Vide page 353.*

All are familiar with the speech of our lamented and honored President on the evening of his assassination:

"Mr. Colfax, I want you to take a message from me to the miners whom you visit. I have very large ideas of the mineral wealth of our nation. I believe it practically inexhaustible. It abounds all over the Western country, from the Rocky Mountains to the Pacific, and its development has scarcely commenced. During the war, when we were adding a couple of millions of dollars every day to our national debt, I did not care about encouraging the increase in the volumes of our precious metals. We had the country to save first. But now that the rebellion is overthrown, and we know pretty nearly the

amount of our national debt, the more silver and gold we mine makes the payment of that debt so much the easier.

"Now, I am going to encourage them in every possible way. We shall have hundreds of thousands of disabled soldiers, and many have feared that their return home in such great numbers might paralyze industry by furnishing suddenly a greater supply of labor than there will be demand for. I am going to try to attract them to the hidden wealth of our mountain ranges, where there is room enough for all. Immigration, which even the war has not stopped, will land upon our shores hundreds of thousands more per year from overcrowded Europe. I intend to point them to the gold and silver that waits for them in the West. Tell the miners for me that I shall promote their interest to the utmost of my ability, because their prosperity is the prosperity of the nation, and we shall prove, in a very few years, that we are indeed the *Treasury of the World.*"

We have thus shown what California has done, and is doing, what is said, and generally been proved of Colorado, and what is believed of other territories. Let us glance at what Overman, in his "Treatise on Metallurgy" says in regard to gold in the Southern States, the mining operations of which were brought to a close by the late war:

"In Virginia and North Carolina, gold ores are mined, crushed and amalgamated, which yield but the 150,000th part of gold to the bulk of ore, and these ores are worked with great profit. The Russell Mining Company in North Carolina, which operates twelve or more Chilean mills, work ore which yields ten cents of gold to the bushel or one hundred pounds of ore, with profit. The Louisa Mining Company, which employs stampers for crushing, shows that ores which yield seven cents in the bushel, may be worked and pay expenses and profit. *There are inexhaustible stores of gold in the Southern States, and it requires nothing but industry to make its production profitable.*"

If private enterprise could accomplish such results, what profit might not our government reasonably expect, when a portion of its immense capital shall be employed legitimately in the business of mining? When our men of genius are brought to work honestly and industriously on the great sub-

ject, and when the ratio of production will be much largely increased by new appliances for manipulating the ores, and a perfect process for amalgamating is invented?

If it is urged against the plan, that it would be trammelled by immense abuses, we would reply that there are abuses and leaks in every department of government, and yet they have moved grandly on in spite of the rapacity and peculations of men in power. In spite of the extortions of thousands of hungry cormorants, our country came safely through a war of terrible magnitude, and we do not see why our legislators should hesitate to place the United States at the very pinnacle of material wealth, merely because a few timid croakers shall feebly cry, "abuse," "corruption," or "ruin," from their miserable and contracted lungs.

All men are not dishonest, nor are the majority so, and our chiefs in office could certainly have the option of choosing between a man of known integrity, and one noted for common dishonesty. "We still have judgment left," and though it may sometimes be imposed upon by the glitter of designing villainy, it would not always toss aside the better claims of the pure and honest. The cauldron of justice too, is ever boiling, and why should not the villain receive a dip of punishment for his effrontery and rascality. If we are to suppose that the government will open rich mines, spend money lavishly, employ any and everybody as managers, and have no proper officers to oversee the affairs, the shout of abuse would indeed go up to Heaven from the voice of Truth; but, it is not at all likely that such a reckless, senseless mode of operations, would follow the adoption of the plan, and the mere insinuation is a slander upon our national shrewdness.

"But," says the skeptic, "if all these vast and rich results are so easily attainable, why is it that more individuals do not go into the business? Why the hue and cry against gold mining which I hear? Why these unoccupied mills and constant failures of mining companies, and why does not the production amount to the same figures it did in 1853 and '54?"

If it be alleged that mining on the ranges of the Rocky mountains has been generally unprofitable; that many failures have occurred in fulfilling promised expectations; that hun-

dreds of mills filled with machinery are deserted, and shafts, some of which have been opened and timbered two hundred feet, are abandoned, and left to the merciless play of the wild winds; if it be said, that vast fortunes have been lost in the vain attempt to compel the earth to yield up its precious fruit, we have but to point to the various *causes* of failure to establish the fact, that the failure itself was due entirely to unnatural blunders or insufficient means. The first prime error in conducting a mining enterprise, has been the employment of ignorant or dishonest men as superintendents; but, in order to bring the matter home to the mind of every man, we shall briefly state the case of a company just organizing for mining purposes.

The prospectus starts out with a description of the causes why so many companies previously organized have failed to pay dividends. Then follows convincing arguments that the ores of the territory in which the property of this company is located, are rich in precious metals, and that the gold is extractable by the machinery and process it is designed to be used. A glowing description follows, of the economy to be practised, the richness of the ore, and the plan of operations to be pursued. The industry, practical knowledge and ingenuity of the superintendent at the mines, and the thorough supervision of its affairs, to be exercised by the managers at home, are ably discussed. The company has such and such superior advantages of location, for the cheap handling of the ore, and to crown all, beautiful specimens of it are to be seen at the office, and the title to all this store of glittering wealth, is pronounced perfect by competent counsel. In short, this company is to be the perfection of management, economy and abundant dividends. All that is necessary to provide this unparalleled prodigy, for the use of the public, is for the public to subscribe to a limited number of shares, as a working capital. The stock is taken by embryotic capitalists; the superintendent is provided with funds and sent out; machinery is purchased and goes forward; large arrangements are made for the reception of bullion, and the anxious shareholders wait for returns. Some months elapse when the gaze of the expectant stockholders, is gladdened by a puff in a mining newspaper,

and a small metal lump as the product of one assay. During the late excitement in mining enterprises we actually saw a gentleman go into ecstasies over a piece of silver, worth about *twelve cents*, which he said was 1000 fine. But when he discovered that this was the only return he ever had for his \$5,000 invested, the spirit in his brain thermometer, sunk below zero very rapidly.

The golden lump is assayed, expectations mount to the highest limit of vision, and at last after more weary months and sometimes years of waiting, the mill is pronounced finished, the machinery in working order, the quartz on hand, and all that is needed, is to build the fires and steam up, in order to shower bullion upon the enterprising fortune hunters. What has frequently been the result? After considerable delays and various failures, it is discovered that the machinery is entirely inadequate and unsuitable for working the ores. The engineer is ignorant and depends on the superintendent, and the superintendent is at fault, and depends on the engineer, until finally both discover that neither knows anything about the business of mining. The shareholders find that they who came recommended for industry, sobriety, intelligence and ingenious mining ability, were incompetent, ignorant, lazy and often drunken. It was discovered that they had erected a costly mill, had opened five or ten lodes, instead of pursuing labor steadily on one or two promising veins, had brought to the surface thousands of tons of quartz, and sent picked specimens home.

After repeated efforts to correct existing evils, the stockholders are informed that the working capital is exhausted, and that further payments must be made, which kind request is generally declined by those disgusted individuals. The superintendent is recalled, the workmen discharged, the mill stands idle, and gold mining is pronounced a humbug; an illegitimate sinking fund; a quicksand absorbing everything to no purpose; and capital put into it was declared to disappear like the plummet at sea, without the line attached to get it back. These, Mr. Skeptic, are the causes of the complaints you hear.

Now we would simply ask, would steam have been discovered without the *requisite* ability? Where would be the telegraph

to-day, but for the *proper brains* of Morse? And where the art of printing, but for the superior and *adaptive* intelligence of Guttenburg? As it always has been with successful innovations, so it always will be. A coalheaver who has never looked into a book of law, could not pronounce a proper eulogy on the legal attainments of Mr. Webster, any more readily than an ordinary deck hand of a vessel, who had never learned to read, could become a translator of a Chinese poem. Place the sculptor in a machine shop and he would be bewildered at the complication of tools; or take the blacksmith from his forge, and place the delicate chisel in his hand before a block of Italian marble, and his first blow might ruin it. So it is of mining enterprises. If they be pursued legitimately, on sound business principles; if solid ideas of practical workmanship and proper modes of procedure are followed, there is no reason for failing. It is the adaptability of a man's mind to the work before him, that enables him to successfully pursue the undertaking, and although through an accident some who have been incapable, have embraced position and emolument, the rule is none the less forcible, because an exception exists. The following remarks taken from a California paper, illustrates the fact that a more perfect process for amalgamating is needed:

"In quartz mining for gold, the *DESIDERATUM* appears to be some agent that will force the imperceptibly fine particles of pulverized gold into contact with the mercury, without separating the mercury into such minute particles that it floats away with the tailings. It is a demonstrated fact that grinding mercury, or stamping it too much, causes an immense loss of itself and the metal it is employed to collect. This fact any millman may prove for himself, by placing a pan at the end of the troughs, used for carrying off his tailings. It matters not how long these troughs are, how much mercurial surface, or how many raffles, hides, blankets, or gunny bags they contain, in less than an hour, if he washes out the sedimentary matter in the pan carefully, before it shall be half accomplished he will find on the edge of the particles of sand, a white fringe, which if he rubs with his finger will be speedily transformed into globules of the mercury. This experiment we have tested in a thou-

sand cases with one invariable result. Here is the greatest cause of loss in quartz mining."

The conclusion to be drawn therefore from the past experience of mining companies which have failed, is, that if bad management did not kill them, poor mines or watered stock did. If they had good mines and proper management, the funds fell short at a critical time, and the work would be abandoned for the want of more. But there is nothing in these facts discouraging to the seeker after wealth. If men had the courage and means to conquer the evils arising from their first mistakes, there would be fewer failures. But disgust follows disappointment, and men listen to the gloomy strains of croakers and fogies, considering it better to lose that which they have expended, than to fly to losses "that they know not of." Thus alarmists "make cowards of them all." Instances are numerous where nerve has triumphed over repeated disappointments. Years of gloom have rolled sullenly on, and almost quenched the spirit from hope itself, but the sturdy miner worked on with faith in his bosom, and strikes the lost vein at last.

Why should our government allow so important an item as gold mining, to slip into private hands, and thus subject the whole business to ultimate and entire failure, for want of continuous exertion?

We have thus shown the chief causes which have made gold mining unprofitable, and having pointed out where the errors lie, it will be an easy task to convince the understanding, that the business, if well conducted, will yield large returns.

Let the government begin, by offering a large reward for the invention of a process that will secure all the gold from the quartz. This should be done under any circumstances, as it is so important, that it affects the future prospects of at least four producing territories. New brains would be set to work, and it would be the first entry on the records of time, that science will not have triumphed over difficulty. Let the reward be offered, if only for the good effect it will have on existing operations. Desponding miners would take courage, and relinquished mills be refitted and grow busy again, under the

hope of a speedy discovery of that process, which, perhaps, will revolutionize the art of producing gold.

It is acknowledged by all that our territories are rich in gold. Statistics prove it, and no one will be rash enough to dispute it. The mining has heretofore been conducted by individuals or corporations, and what is to hinder a greater corporation than all of them, from entering the field as a co-laborer. The gold is there, why should not the United States collect some of it, and so enrich the commonwealth? It will not be denied that the government could obtain the services of at least a portion of the intelligent miners and practical superintendents, and it is only necessary to make the laws regulating the business and to provide the means, when the operation is complete. A mining bureau can be established, the same as in other departments. The continuous capital be made ready; the men employed; the mines located; the machinery procured. All that would be necessary, would be to fire up and go to work. If it is suggested, that the business could not be controlled; that it would become too vast and speculative, we will point to the system by which our custom houses are controlled; to the records of the war and navy departments, which reflect the successful management of the affairs and expenditures of a gigantic war; to the land and patent offices, and if, there is success exhibited in conducting these departments, we say, *that the business of mining can and will be safely, legitimately and profitably managed.*

The profits arising might be a sore temptation to theft, but in spite of the frauds at the Custom House, the government receives more gold than it needs to pay her annual interest. There might be dishonest appropriations during the process of amalgamation, or the transit of the gold to the East, but if private enterprise can guard against these things, why could not the government? Certain departments have detectives constantly employed to ferret out misdemeanors, and if they can fright rascality in Washington or New York, we do not see why the same could not be done in Colorado or Arizona. If the vast operations of melting, assaying and coining the gold, be safely conducted at the Mint, why may not the earlier process of extraction be securely accomplished at the mines? If the government can take the risk of such a momentous mat-

ter, as printing three thousand millions of various kinds of paper promises, the manufacture of which required almost an army of employees and agents, subject as it was to theft and over-issues, we say that the government can organize and pursue a mining business with success. If our Treasury poured out three thousand millions for war, why shall it not spend one or two hundredth parts of that sum to secure one of the brightest gems of peace?

The first great effect that would follow the adoption of this plan, will be a large influx of gold to the Treasury vaults; the next would be the payment of the legal tenders, *which by this process would literally cost the government nothing*, the profits of mining being, as it were, a clear gain to the national wealth, or so much hard money manufactured by it. The next feature, as bondholders would be unwilling to part with their investments, the government would become a lender instead of a borrower, and instead of being compelled to *create sources by which his gold supply could be kept up*, the Secretary of the Treasury could dispense with existing custom house regulations, and receive legal tenders in payment of duties, for then we should be on a specie-paying basis. The next prominent effect would be, *a reduction of the taxes*, and it becomes every taxpayer in the land, to bring this matter to the attention of his Legislators, so that the oppressive burdens which now stagnate business and expose private resources, may be removed.

UNDER SUCH A CONDITION OF THINGS SUSPENSION OF SPECIE PAYMENTS WOULD BE IMPOSSIBLE AND PANICS WOULD BE THEREBY AVOIDED.

The employment that would be given to thousands of laborers, soldiers and others, should of itself be a sufficient motive for the government to go into the business. Crime often ends that which idleness begins, and as a great moral corrective, the system would be beneficial; if thousands have been employed in getting out a paper issue, we do not see why an equal number should not be busy in producing a gold currency.

A few years of industry in this department would delight our Secretary of State intensely, for our national wealth would then make the purchase of the rest of the American continent, a matter of easy attainment and quick payment.

If other nations were to follow our example the Alabama claims would be easily settled, and war perhaps avoided. Our industry would thus become an angel of light, blowing the trumpet of peace over all lands. Our Capital would be the citadel around which the homage and hopes of all nations would gather, to shower upon us eloquent words of encouragement, and thank us for assuming the industrial paternity of the world.

The confidence which would be inspired by the fact, that we were yearly harvesting millions on millions of golden grains, would give a new impetus to commerce and trade. Languishing factories would take on fresh life, and the busy clang of hammers, would be heard in workshops that are now idle. Our merchants would meet smilingly and shine forth again in that spirit of enterprise for which they are renowned. The fear of Contraction, that subtle strategist which was mining our prosperity, and sapping our energy, until the hour for the explosion was almost at hand, will no more lay its withering hand on business institutions. The production of gold would forever arrest the progress of that rank destructionist, fill in the fearful trenches made by over practicability, order the grim warriors home and save the citadels of national credit and commercial life.

Besides in mining for gold and silver, other valuable minerals would be encountered, and we do not see why our great government should not profit by sharing in the proceeds of them. Why should we not be the controlling mover and distributor of such minerals; and extending the idea, why should we not be a general benefactor to the whole world, by producing certain necessary articles in such profusion, that their values will be cheapened to such an extent, that they will be placed within the reach of every needy purchaser.

Prominent nations have derived the largest part of their revenue, from the monopoly of some considerable production or its manufacture, and we do not see why these numerous examples should not be followed.

The governments of France, Spain, Portugal, and Sardinia, make tobacco a monopoly, either wholly managing its manufac-

ture and sale, or allowing in a few cases, individuals to import and sell under heavy imports and restrictions.

The Ceylon pearl fisheries, are monopolized by the British government and are largely profitable.

The production of coca, a narcotic resembling opium, and generally used by the inhabitants of Peru, is entirely controlled by the government of that country.

In Austria, the production and manufacture of tobacco, is almost entirely monopolized by the crown, which has also built and is successfully managing several very extensive woolen establishments.

The celebrated quicksilver mines of Almaden were long worked by the Spanish authorities.

In Japan, the government monopolizes the various mines and derives the profit from them.

The mines of Siberia, and the Ural region are partially worked by the Russian government, in concert with individuals. As early as the 15th and 16th centuries the Czars erected large manufactories of woolen, cloths, linens, arms, etc. and invited artisans and workmen from Germany, the Netherlands, and Italy.

In Mexico, the title of the mines are vested in the crown, and parties are allowed to work them, on paying a royalty of one fifth or tenth of the product according to the quality of the mine.

The ancient Egyptians, worked their gold mines by criminals and prisoners of war. All ages and sexes, sometimes whole families were thus subjected to the arbitrary vacillations and obnoxious cruelties of native guards and overseers.

A large portion of the railroad system in France, is under the control of, and the profits accrue to the government.

England by her course of investing capital in India, has quadrupled many times her original outlay, simply through the conveniences it organized and the stimulus and opportunity it gave to trade. Being principally devoted to public works, many of them are yielding annually from seventy to one hundred per cent.

In most of the civilized countries, owing to necessity of having competent miners, government schools of mines are

established, while in the United States no institution exist specially devoted to these objects.

Now, if it be said, that our government should not go into such an enterprise as gold mining, we ask why did England invest so heavily in India? Why should France, Austria, Sardinia, Spain, Portugal, Mexico, Russia, Peru and Japan monopolize and profit by the various articles and manufactures noted above? and, if a satisfactory reply is not forth coming, we shall plainly say, that, where we have so becoming, so profitable and so numerous examples, showing us the importance of a government controlling some of the main products of its land, we are worse than madmen, not to avail ourselves of the profits that should so legitimately and numerically so vast, accrue to our government, by the single process of mining.

If fully civilized, as well as semi-barbarous nations recognize the principle of monopoly, we do not see that the United States should hesitate to share with present operators the gold that is being taken from the earth; which belongs to all alike, whether the proud monarch raising it with massive machinery, or the poor toiler who pines out but a few dollars daily.

Let it not be presumed that we would place an embargo on the operations of individual capitalist. Existing titles should not be disturbed, nor claims in dispute arbitrarily disposed of, by the occupancy of might; on the contrary, all such enterprises should receive the greatest encouragement. The government would simply be an additional workman in the field, and although powerful and wealthy, would do no wrong to weaker neighbors. The country is in debt, and like an individual, who goes into a new speculation, to pay off the debts of a former unprofitable operation, the United States would be merely availing itself, of the privilege of sharing in the general outpouring of the hidden wealth of past centuries. What is law in one commercial transaction, certainly is legal in another of a like nature, whether the operator in the case is a prince or a citizen; and hence, if cavilers complain of the want of dignity on the part of this great government in entering into competition with private individuals, we can only reply that the interests of our mighty commonwealth, deserve all the care, labor and ingenuity that can be brought to bear,

to keep them perfect and healthy. It happens that our nationality is on such a proud basis, that we can afford to be independent of the criticisms of vulgar ignorance. A false sense of pride, may alarm a few unstable minds, when such a law might be promulgated, but a generation of independent people, which placed Mr. Lincoln at the head of its government have no more need to be ashamed of their digging in a gold mine, than they have to feel dishonor because a railsplitter was their President.

Labor always will be respectable, whether the operator regales himself under golden canopies, or sweats in discolored flannel under a broiling sun; and, the skilled manipulator of Wall street, is no more a gentleman, than he who builds our cellar walls, or drives the cobbles into our fashionable highways, *provided*, both are honest. How many of the honored signers of that great scroll of immortality, the Declaration of Independence, were familiar with the awl, the plough, the yardstick and the plane? The names of laborers, and the sons of laborers, laid by that Act the foundation of those principles, which have since made the great peal of our land, ever greatly heard in the vast chime of ambitious nationalities.

Who shall say then that our government shall not be a co-laborer with its own citizens? What nation shall dare cavil if we take up the honest pick and unearth the talismanic metals, the possession of which in sufficient quantities, would make our commonwealth a mighty and irresistible giant, who would be able to stride over all lands and bow to none. Just as wealth is the arbiter on all questions of advancement and power, so under such a condition of affairs, and with such a vast array of material as our gold producing territories affords, our country must progress beyond all others. Repudiation will then sink into a shameless obscurity, and the promulgators of that decrepit doctrine, will sit hereafter like spectral harlequins at a ghostly carnival of the immolated spirits of rank corruption.

What would be the effect on other nations, if it were known that our government intended to develop its immensity of mines? They would look back on the vast strides we have made in commerce, in population, in internal growth and gov-

ernmental greatness, and they would measure the new scheme by the older results, and what a picture would they draw. Would they not say, "here is a nation which one hundred years ago had scarcely a name, no commerce, manufactures, power, or even character of its own, now grown into a gigantic republic, feared and respected abroad, with a commerce second only to that of England; a railway system, vaster and more perfect than any in the world; which has become a huge manufacturing center; and which is producing everything that human intelligence desires; which has advanced its standard of power over every department of science, art and literature, and is already first in all things, and yet this massive institution intends to move upon the very foundation of nature itself; it desires to draw from the bowels of the hoary tipped mountains, the secret treasures of the interior world. Not satisfied with aiming to be the most powerful, it would fain become the *richest* nation on the globe. Shall we try to prevent her becoming so, or shall we seek to excel her?" and after giving the subject a careful consideration, they would adopt the latter course, and allow our government to move on unembarrassed in the great tramp of nations, toward the glistening crown of wealth and power.

It may take years to build up this business to the point of making large returns for our outlay, but we do not see why such a period should be very remote. We can avail ourselves of all the latest improvements, and the advice and assistance of the best miners. The moment a process for fully disintegrating the gold from the difficult ores, is discovered, a ratio of production will ensue, to which even our present large yield will appear but fragmentary. When instead of fifty or sixty millions, we shall be stamping out one, two or three hundred millions annually. We should then present to the world the additional characteristic of the Yankee nation being a miner, and such a fact would go far to convince other lands of the benefits to be derived from manual labor; and in time our example might build up countries which are now slumbering in indolence, or decaying for want of muscular activity.

Having now presented the *inducements* that promise such mighty results, we shall ask if it is not the *duty* of the govern-

ment to its bondholders, that they *be made secure in their investments*. If the income of gold through the Custom House should decrease to a point below that required by the Secretary, for the payment of the interest on the gold bonds, he would have to go on the market and buy at the best price. Would it not be the part of prudence to provide for all mishaps by having government mines. They would give our country's promises a large prospective value, not only at home, but in the commercial marts abroad. The public creditors will have good reason to favor the scheme, for as gold will then be the currency, in addition to bank notes or legal tenders, the loanholders will receive par for the bonds which only cost them from 50 to 80 per cent. according as the rate of gold was higher or lower at the time of the purchase. If the production of gold should be so stimulated as to make it a drug on the market before the bondholders are paid off, the arrangement must be satisfactory, for what the government lost at the opening of the transaction, it would partly gain at the close of the contract, and *vice versa*, may be said of the creditors.

We have thus endeavored to prove, that what is needed to save the business of the country, is not less currency, *but more gold*; that the quartz containing it exists largely in various parts of the land; that our government can successfully and profitably open and develop its mines; that in doing so it is but following in the footsteps of other governments, which have grown plethoric with wealth by the same means; that the causes of failure in mining are within the reach of correction, and that innumerable benefits would follow the adoption of the plan, which has been shown to be entirely practicable. Let the masses who are now groaning under vexatious taxations, rise up and demand that the experiment be tried. We call upon the laboring community whom the revenue officers never trouble, and some of whom are now starving in miserable pent houses, or shivering in enforced idleness, to clamor for the employment it would give them; and lastly we would urge upon you, the bondholders, the necessity of taking some measures to bring this subject to the attention of Congress, so that our country may not only shine forth with renewed and dazzling lustre; but that a nation of creditors should walk the highways

of the earth with their bonds in their pockets, nor again feel a deadly fear rising in their bosoms, which shall be occasioned by the vile utterings from the corrupt throats of repudiationists or anti-resumptionists. Even the great whoop of impeachment will be silenced, and the exciting whirl of Reconstruction will no longer draw into its depreciating depths, the price of your bonds, or frighten from the calm ebb of Reason to the wild flights of insane manipulation, that which should be the universal and unchangeable standard of value.

Yours,

GEORGE W. HEWES.

PHILADELPHIA, February 24, 1868.

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TITLE